

Property Taxes

Property Tax

55 Mill Property Tax

40 Mill Property Tax

6 Mill Property Tax

1.5 Mill Property Tax



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Legislative Fiscal Division

Revenue Estimate Profile

Property Tax

Revenue Description: Montana law requires counties to levy a county equalization levy of 55 mills, a state equalization levy of 40 mills and 6 mills for the university system against all taxable value in each county. A mill levy of 1.5 mills is also applied against all property in the five counties with a vo-tech college. Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, livestock, and mineral net and gross proceeds. The assessed value of residential and commercial real estate is the market value phased in over the reappraisal cycle. Agricultural land and timberland are valued on a productivity basis and their values are also phased in over the reappraisal cycle. Beginning January 1, 2003, livestock is no longer taxed.

Beginning January 1, 2003, residential and commercial property as well as agricultural land and timberland reflect the impact of a new reappraisal on market values. The current reappraisal cycle is 6 years, during which increases in property values will be phased in by 1/6th per year. Property that declines in value will be assessed immediately at its new reappraised value. The impact of the 2003 reappraisal on assessed values increased the market value of the average residence by 20.2 percent. The equivalent increases for commercial property were 18.5 percent and for agricultural land by 15.3 percent.

The 2003 legislature passed a reappraisal mitigation bill - SB 461. Beginning in tax year 2003, reappraisal values were phased in over the next six years. The new tax rates and the new homestead and comstead exemptions are shown in the accompanying table:

In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the state share of coal gross proceeds taxes, federal forest revenues, and other smaller revenue sources.

This source also includes the state's share of protested taxes paid by centrally assessed companies. Should the state fail in its defense of the taxation of these companies, the protested taxes must be returned to the taxpayer.

SB 461 Tax Rates and Exemption Percentages for Class 4 Residential and Commercial Property				
Fiscal Year	Tax Rate	Class 4	Class 3	Class 4
		Residential Exemption	Multi Family Housing Exemption	Commercial Exemption
2003 (prior law)	3.46%	31.0%	31.0%	13.0%
2004	3.40%	31.0%	31.0%	13.0%
2005	3.30%	31.4%	31.4%	13.3%
2006	3.22%	32.0%	32.0%	13.8%
2007	3.14%	32.6%	32.6%	14.2%
2008	3.07%	33.2%	33.2%	14.6%
2009	3.01%	34.0%	34.0%	15.0%

Homeowners whose homesteads have increased above certain thresholds and whose income falls below certain levels will face lower tax rates.

Revenue Estimate Methodology:

Data

The property tax received by the state is composed of two kinds of revenue. First there is property tax proper, i.e. each property has a taxable value which is multiplied by a mill levy (a tax rate per thousand dollars of taxable value) set by the government, in this case the state. The second kind of revenue is "nonlevy" revenue that is distributed to the mill levy and is included as property tax revenue.

The state imposes five types of mill levies. These are the 33-mill elementary county equalization levy, the 22-mill high school county equalization levy, the 40-mill state equalization levy, the 6-mill university levy, and the 1.5-mill vocational technical college (vo-tech) levy. The first three (most often called the 95 mills for education) are applied to all property in the state and are deposited in the general fund. The 6-mill levy is applied to all property in the state and is deposited in a special account for university operations. The 1.5-mill levy is applied to all property in the counties in which the five vo-tech colleges are located, i.e. Butte-Silver Bow, Cascade, Yellowstone, Missoula, and Lewis and Clark.

The data required to produce forecasts of property tax received by the state are historical data on assessed and taxable value by class of property, the amount of property in tax increment financing (TIF) districts, the amount of local abatements conferred by local governments, and future growth rates for these variables. Also required is historical and future data on the nonlevy

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components of property tax. These are gross proceeds revenue, federal forest revenue, and miscellaneous revenue allocated to the various state mill levies. The latest taxable value data is for tax year 2006 which began January 1, 2006, and the latest data for the nonlevy revenue is fiscal 2006.

The historical data on assessed and taxable value by property tax class, TIF taxable value, and abated taxable value are provided to the LFD and OBPP by the Department of Revenue on an annual basis, usually in October. TIF taxable value is required because state law allows a TIF district to apply the state 95 mills and 1.5 vo-tech mills to the increment in property value that occurred since the TIF was created, but allows the TIF district to keep the revenue associated with these mill levies. The state does not receive its share of the mill levies applied to TIF property. Thus the taxable value of the state must be adjusted downward by the value of TIF property for the 95 mills and the 1.5-mill levy. The 6-mill levy revenue derived from TIF property does flow to the special account for university operations, and thus the tax base for the 6-mill levy is not adjusted for the incremental taxable value in a TIF.

Montana law allows local governments (usually counties) to temporarily reduce the tax rate applied to the assessed value of property. This is called abated property. For instance, in tax year 2006, an electrical generation plant outside Hardin and another in Silver Bow county were granted a 10 year exemption on all personal and real estate property. The abatement applies to all local mills for those jurisdictions in which the properties are located. However, the exemption from property taxes does not apply to state mills. The taxable value data received by the department does not include the exempted property and thus for state property tax revenue purposes this property must be added back to the statewide taxable value.

Analysis

The latest year for which taxable value by class is available is the base from which future taxable values are derived. Growth rates are applied to the taxable value in each class of property. The table below shows growth rates for each class of property, for TIF and abated values and the resulting growth rates in net taxable value.

Statewide Taxable Values by Class						
Class of Property	Taxable Value (Millions)			Growth Rates		
	Fiscal Year			2007	2008	2009
	2007	2008	2009	2007	2008	2009
Net Proceeds	\$ 3.25	\$ 3.25	3.25	20.7%	0.0%	0.0%
Gross Proceeds	21.11	25.18	28.54	61.8%	19.3%	13.4%
Agricultural Land	141.00	141.00	141.00	0.0%	0.0%	0.0%
Residential and Commercial Real Estate	1,183.82	1,232.95	1,284.12	4.8%	4.1%	4.2%
Rural Coops and Pollution Control	35.08	35.08	35.08	1.3%	0.0%	0.0%
Non-Centrally Assessed Public Utilities	1.07	1.12	1.17	12.1%	4.7%	4.7%
Business Equipment	135.61	141.44	147.53	10.2%	4.3%	4.3%
Centrally Assessed Public Utilities	248.32	256.02	263.95	4.0%	3.1%	3.1%
Timberland	6.82	6.83	6.84	0.3%	0.2%	0.2%
Railroad and Airline Property	41.58	39.46	37.46	-6.1%	-5.1%	-5.1%
Electrical Generating and Telecommunications	130.48	138.57	147.16	6.2%	6.2%	6.2%
Electrical Generation by Wind	2.56	2.81	3.09	NA	10.0%	10.0%
Total Taxable Value	1,950.68	2,023.71	2,099.20	5.0%	3.7%	3.7%
Tax Increment Financing Values *	(28.83)	(27.45)	(22.68)	13.2%	-4.8%	-17.4%
Abatement Values **	18.85	18.85	18.85	355.8%	0.0%	0.0%
Net Taxable Value	1,940.71	2,015.11	2,095.37	5.7%	3.8%	4.0%
Net Vo-tech Value	675.76	707.84	745.01	5.8%	4.7%	5.3%
Net 6 mill Taxable Value	1,969.54	2,042.57	2,118.05	4.6%	3.7%	3.7%

Fiscal 2007 taxable values are tax year 2006 taxable values. The property was valued on January 1, 2006, and the revenue from these values is deposited in state coffers in November and May of the following fiscal year. Thus fiscal 2007 taxable values are known.

* TIF values decline because two Missoula TIF's are scheduled to be eliminated in fiscal 2008 and a Billings TIF is scheduled to be eliminated in fiscal 2009.

** The large increase in abated property value in fiscal 2007 is due to exemption from local property taxes of two electrical generation plants in Hardin and Silver Bow County.

For the most part, growth rates are based on historical growth since fiscal 2001 and on expected changes in tax rates in fiscal 2008 and 2009.

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The growth rate for class 4 – residential and commercial real estate – is an estimate of the amount of new property expected to be added. The taxable value of existing property is assumed to be constant as two forces operate to hold it steady. SB 461, passed by the 2003 legislature, allowed the new reappraised market value of property to be phased upward in equal increments over six years between fiscal 2004 and fiscal 2009. As this phase-up in value occurs, the tax rate applied to class 4 property and the homestead and comstead exemption percentages are phased down as shown in the following table. The tax rates for agricultural land are the same as for residential and commercial property.

Tax Rates and Exemptions By Property Tax Class			
Class of Property	Tax Rates		
	Fiscal Year		
	2007	2008	2009
Net Proceeds	100.00%	100.00%	100.00%
Gross Proceeds	3.00%	3.00%	3.00%
Agricultural Land	3.14%	3.07%	3.01%
Residential Real Estate	3.14%	3.07%	3.01%
Commercial Real Estate (excluding Multi Family Housing)	3.14%	3.07%	3.01%
Rural Coops and Pollution Control	3.00%	3.00%	3.00%
Non-Centrally Assessed Public Utilities	3.00%	3.00%	3.00%
Business Equipment	3.00%	3.00%	3.00%
Centrally Assessed Public Utilities	12.00%	12.00%	12.00%
Timberland	0.35%	0.35%	0.35%
Railroad and Airline Property	3.55%	3.37%	3.20%
Electrical Generating and Telecommunications	6.00%	6.00%	6.00%
Electrical Generation by Wind	3.00%	3.00%	3.00%
Exemptions			
Homestead Exemption for Residential Property	32.6%	33.2%	34.0%
Comstead Exemption for Commercial Property	14.2%	14.6%	15.0%

The other property for which tax rates will change in fiscal years 2008 and 2009 is class 12, railroads and airlines. Under the federal 4R act, the tax rate on railroads and airlines is a weighted average of the tax rates of all commercial and industrial property in the state. This includes business equipment, centrally assessed property and commercial real estate. Since the tax rate for commercial real estate is declining while the tax rate for the other classes of property are held constant, the tax rate for class 12 will also decline in fiscal years 2008 and 2009.

The growth in net proceeds and gross proceeds taxable value is based on the projected growth in the mineral values. Net proceeds growth is based on the growth in taxable value of metals as derived from the metal mines tax base. Gross proceeds growth is based on growth rate for miscellaneous metals tax base.

The following table shows the projected property tax revenue from the property tax base and nonlevy revenue.

Property Tax Revenue in General Fund and University Account			
General Fund Property Tax Revenue	FY 2007	FY 2008	FY 2009
95 mill Revenue	\$ 184.37	\$ 191.44	\$ 199.06
1.5 Mill Revenue	1.01	1.06	1.12
Property Tax in the General Fund	<u>\$ 185.38</u>	<u>\$ 192.50</u>	<u>\$ 200.18</u>
Nonlevy Revenue associated with 95 mills	\$ 9.23	\$ 9.35	\$ 8.78
SB 417 Deductions	(2.83)	(1.41)	-
Protested Taxes - 95 mills and 1.5 mills	<u>(2.53)</u>	<u>(2.53)</u>	<u>(2.53)</u>
Net Property Taxes in General Fund	<u>\$ 189.28</u>	<u>\$ 197.93</u>	<u>\$ 206.45</u>
Percent Growth	6.6%	4.6%	4.3%
6 mills Property Tax Revenue (University Account)	\$ 11.82	\$ 12.26	\$ 12.71
Nonlevy Revenue associated with 6 mills	0.69	0.70	0.63
Protested Taxes - 6 mills	<u>(0.17)</u>	<u>(0.17)</u>	<u>(0.17)</u>
Net Property Taxes in University Account	<u>\$ 12.34</u>	<u>\$ 12.79</u>	<u>\$ 13.17</u>

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Once net taxable values are determined, the mill levies are applied. To this is added forecasts of nonlevy revenue. Nonlevy revenues come from coal gross proceeds, federal forest receipts and miscellaneous revenue (interest on investments, penalty and interest on delinquent taxes, etc). The tax on the gross proceeds for coal is 5 percent of gross value and is estimated in conjunction with the coal severance tax. Of this total, 41.3 percent is distributed to the elementary and high school county equalization levies.

Federal forest receipts are receipts from the federal government in lieu of revenues from the sale of forest products on federal land. By state law, two-thirds of this revenue is distributed to the county road fund in the counties with federal forestland and the remaining one-third is distributed to the county equalization mills and the county retirement and transportation mills. The share distributed to the 55 mills is the proportion that 55 mills is to all countywide mills in the prior year. This will vary every year since the retirement levies and transportation levies will change over time. It is expected that these levies will increase by 3 percent per year over the forecast period and thus the proportion of the 55 mills will decline. The proportion that the 55 mills is to all countywide mills is multiplied times 1/3 of the federal forest receipts. In fiscal 2006, statewide federal forest receipts were \$12.8 million. This revenue increases at one-half the rate consumer price index for rural areas. This is expected to be 1.6 percent in fiscal 2007 and around 1.1 percent in fiscal years 2008 and 2009.

Miscellaneous receipts distributed to the 95 mills are such things as investment earnings, tax title sales, and penalties and interest on delinquent taxes. In fiscal 2005, the latest year for which data are available, miscellaneous nonlevy revenue was \$1.5 million, which is expected to remain constant in the future.

Once property tax revenue adjusted for nonlevy revenue is determined, two more adjustments are made. The first reduces 40 mill revenue by the SB 417 deductions. SB 417, a bill passed by the 1995 legislature, reduced the tax rate on business equipment from 9 percent to 6 percent, and reimbursed local taxing jurisdiction by allowing deductions from 40 mill revenue. The deductions are made before the county forwards the 40 mill revenue to the state, and the county distributes the SB 417 deductions to the appropriate sub-jurisdictions. SB 417 also required that the deductions be reduced 10 percent per year until gone. The deductions will be reduced to zero in fiscal 2009. The second adjustment is for centrally assessed protested taxes. In fiscal 2006, companies such as Northeastern Energy, Pennsylvania Power and Light, Puget Sound and Energy, PacificCorp, Encana, Qwest, and OmniMex protested a portion of their property taxes. Under state law, half of the protested taxes from these companies is deposited in a special account and half in the general fund. It is expected that \$2.5 million will be deposited in the special account each of the next three years.

Property tax revenue in the general fund is expected to increase at a rate greater than in the recent past. Between fiscal 2002 and fiscal 2006, the average annual rate of growth was 1.2 percent. The rate of growth for fiscal 2007 is 6.6 percent, which is a known number, and growth in fiscal 2008 and 2009 is forecast to be 4.6 percent and 4.3 percent, respectively. The high growth in fiscal 2007 is due to the addition of wind electrical generating plants as well as high growth in business equipment, centrally assessed electrical generation and a higher than normal rate of growth for residential and commercial real estate. The growth in these classes is expected to moderate slightly in the later years.

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Revenue Estimate Profile

Property Tax: 55 Mill

Statutory Reference:

Tax Rate (MCA) – 20-9-331(1), 20-9-333(1)

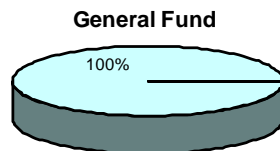
Tax Distribution (MCA) – 20-9-331(1), 20-9-333(1)

Date Due – one-half of taxes due November 30th and one-half due May 31st (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

Applicable Tax Rate(s): Each property class has its own tax rate, which is applied to the assessed value to produce a taxable value. For every \$1,000 in taxable value, 55 mills generates \$55 in state property taxes.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the 6-mill university levy.

Distribution Chart:



Collection Frequency: Monthly with significant state deposits in December and June.

% of Total General Fund Revenue:

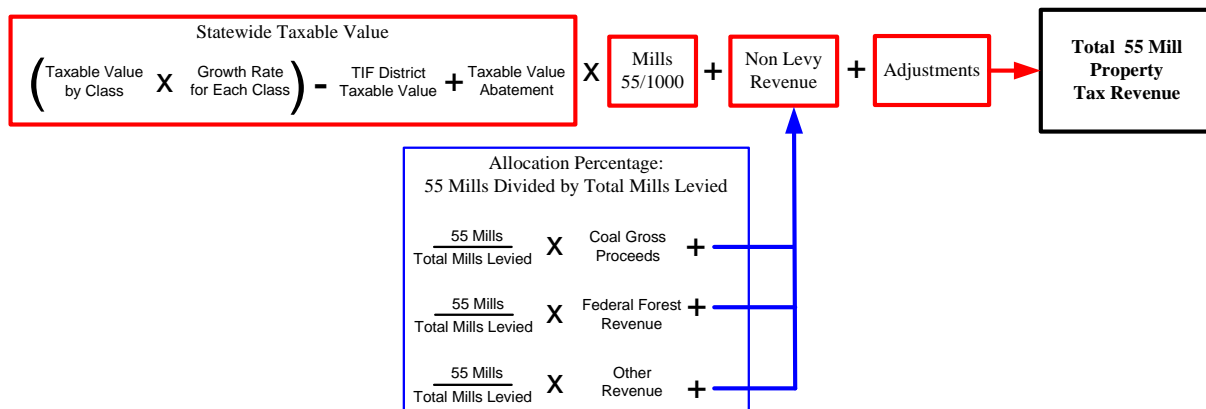
FY 2004 – 7.54 %

FY 2005 – 6.69%

FY 2006 – 6.29%

Revenue Estimate Methodology: The methodology used to derive revenue from this source is explained in the methodology section under “Property Tax”.

Forecast Methodology:



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Revenue Estimate Profile

Property Tax: 55 Mill

Revenue Estimate Assumptions:

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Tax. Value</u>	<u>Mills/1000</u>	<u>Non-Levy</u>	<u>Adjustments</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Applied</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	125.145645	125.145645	1863.986815	0.055000	23.445540	0.274000
Actual	2001	115.454627	115.454627	1656.909416	0.055000	16.482000	4.933824
Actual	2002	105.375801	105.375801	1671.589714	0.055000	13.809000	0.000000
Actual	2003	106.028709	106.028709	1691.720391	0.055000	11.424000	0.000000
Actual	2004	104.223809	104.223809	1703.300593	0.055000	12.701000	0.000000
Actual	2005	104.183789	102.415859	1756.251400	0.055000	0.000000	0.000000
Actual	2006	108.949260	107.494822	1836.487799	0.055000	0.000000	0.000000
Forecast	2007	115.966000	114.512000	1940.708962	0.055000	9.227000	0.000000
Forecast	2008	120.292000	118.838000	2017.121533	0.055000	9.350000	0.000000
Forecast	2009	124.224000	122.770000	2098.989892	0.055000	8.780000	0.000000

	<u>t</u>	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>	<u>Class 5</u>	<u>Class 6</u>	<u>Class 7</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Actual	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	6.167237	0.216414
Actual	2004	7.808005	8.799575	140.240224	1034.656439	32.725014	0.000000	0.995149
Actual	2005	8.032414	10.428300	139.901823	1076.984542	34.024275	0.000000	0.974316
Actual	2006	2.694216	13.045195	140.988242	1129.794467	34.611220	0.000000	0.953438
Forecast	2007	3.252295	21.106138	141.002419	1183.820993	35.077724	0.000000	1.068358
Forecast	2008	3.252292	27.186289	141.002419	1232.949564	35.077724	0.000000	1.118571
Forecast	2009	3.252292	32.162032	141.002419	1284.116971	35.077724	0.000000	1.171144

	<u>t</u>	<u>Class 8</u>	<u>Class 9</u>	<u>Class 10</u>	<u>Class 12</u>	<u>Class 13</u>	<u>TIF's</u>	<u>Abatement</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	7.874787
Actual	2002	116.605209	219.955767	8.198788	48.658380	144.488095	30.529563	3.879830
Actual	2003	118.348926	206.360123	7.170239	46.688479	137.184847	30.802832	3.870000
Actual	2004	118.296988	212.110930	6.789287	45.630257	125.622547	33.562140	3.188318
Actual	2005	117.240984	219.992824	6.791382	45.074061	120.485065	27.766903	4.088317
Actual	2006	123.054946	238.766675	6.793765	44.267220	122.845989	25.464420	4.136846
Forecast	2007	135.612793	248.320188	6.815519	41.576814	130.475712	28.830201	18.854527
Forecast	2008	141.444143	256.018114	6.829150	39.464623	138.565206	27.452340	18.854527
Forecast	2009	147.526241	263.954676	6.842808	37.459736	147.156249	22.679303	18.854527

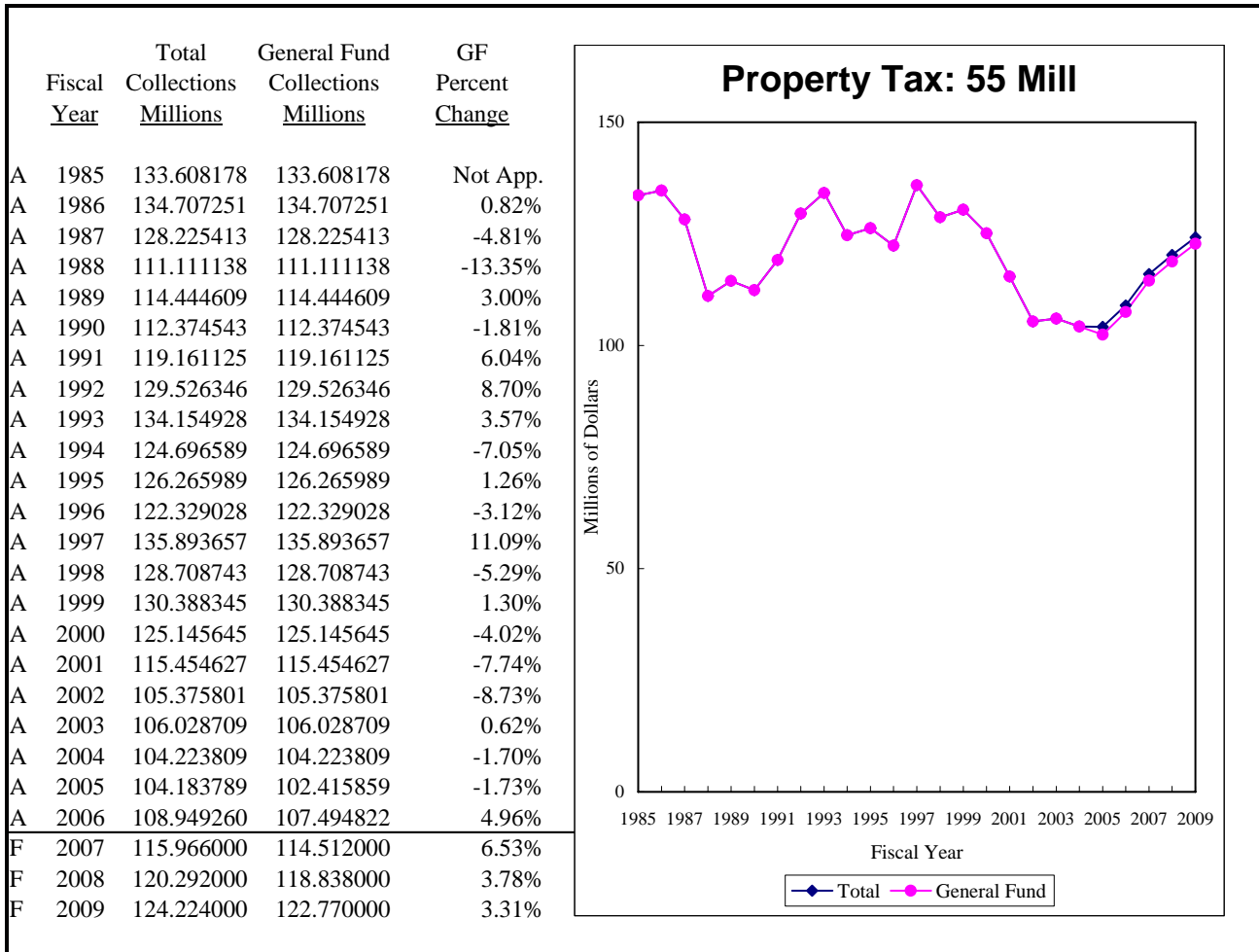
Total Tax = Tax Value * Mills/1000 + Non-Levy + Adjustments

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 55 Mill

Revenue Projection:



Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue

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Revenue Estimate Profile

Property Tax: 55 Mill

Non Levy Revenue includes federal forest receipts, coal gross proceeds revenue, and other revenue which is distributed to statewide and local mills in each county. Before July 1, 2001, vehicle fees in lieu of taxes, financial institution taxes, and reimbursements from the state were non levy revenue. Before January 1, 2003, oil and natural gas receipts were treated as non-levy revenue. The mills to which non levy revenue is distributed are unique for each county and each non levy revenue source. The state's portion of non-levy revenue is remitted to the state as a portion of the appropriate property tax. For instance, statewide 40 mill revenue includes a property tax portion and a non levy portion.

A description for each individual source follows below.

Federal Forest Receipts

Revenue Description: The federal government authorizes logging operations on forest lands located within the borders of Montana. Through federal fiscal year 2000, the sale of timber generated revenue that the federal government shared with the state in the following year. The state received 25 percent of the federal forest receipts and sent the money to the county treasurer of the county in which the receipts were generated. Within thirty days, the county treasurer distributes the money to various county and state accounts.

Beginning November 2000, HR 2389 (federal legislation) fixes the allocation to the state at the average of the highest three years of forest receipts in the state. Not more than 20 percent and not less than 15 percent may be used by county governments for special projects on federal lands. The remainder is distributed under state law as described below.

Statutory References:

Tax Rate – NA

Distribution (MCA) – 17-3-211, 17-3-212

Date Due - the state treasurer distributes the funds within 30 days after receiving full payment

Applicable Tax Rate(s): N/A

Distribution: The county treasurer apportions federal forest receipts in the following manner. Not more than 20% and not less than 15% is distributed to county government for special projects on federal land. Of the remainder:

- 66 2/3% goes to the general fund of the county
- 33 1/3% goes to the following countywide accounts, based on the mill ratios of each to total mills in the prior year: county equalization accounts (55 mills), county transportation account, county retirement accounts

Collection Frequency: Twice annually (usually October and December).

% of Total General Fund Revenue: Included in total property tax contribution.

Data Source(s): U.S. Forest Service survey, SABHRS

Contacts: U.S. Forest Service

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Coal Gross Proceeds Tax

Revenue Description: The state imposes a gross proceeds tax of 5.0 percent on the gross value of coal produced by all the coal mines in the state. The gross value of coal is computed as the tonnage of coal produced and sold times the contract sales price. This is the same gross value as used in the calculation of the state coal severance tax.

The tax is applied to one year's worth of production and the producer is billed in the following year. The producer pays the tax to the county treasurer in which the mine is located in two equal installments. One is in November of the notice year and the other is in May of the following year. Once received by the county treasurer, the tax revenue is distributed one month after receipt.

Statutory References:

Tax Rate (MCA) – 15-23-703(1)

Tax Distribution (MCA) – 15-23-703(3)

Applicable Tax Rate(s): The amount of tax due is 5.0 percent of the value of production as measured by the contract sales price for production in the preceding calendar year.

Distribution: The county treasurer distributes the coal gross proceeds tax based on the relative proportions of mill levies for the state, counties, and school districts as these existed in tax year 1989. At that time the county equalization mill levy was 45 mills. However, coal gross proceeds from new mines (starting business after December 31, 1988) are distributed across mill levies in the previous fiscal year.

Collection Frequency: The coal gross proceeds tax is collected twice annually in November and May. The state receives the tax revenue in December and June.

% of Total General Fund Revenue: Included in total property tax contribution.

Data Source(s): Coal Company Surveys, Department of Revenue, County Treasurers

Contacts: Coal Company Representatives, Department of Revenue, County Treasurers

Other Revenue

Revenue Description:

The county equalization account receives other revenue in addition to the types listed elsewhere. These include penalties and interest, back taxes, investment earnings, recreational fees, tax title and property sales, various state grants and fees, district court fines, county rents and lease income, and various revenue from federal sources such as PILT, Taylor Grazing and Bankhead Jones payments.

Applicable Tax Rate(s): N/A

Distribution: Varies

Collection Frequency: Varies

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Property Tax: 55 Mill

Applicable Assumptions and/or Relevant Indicators: Because these sources are fairly stable in total, the last known year of collections is usually used to forecast future collections.

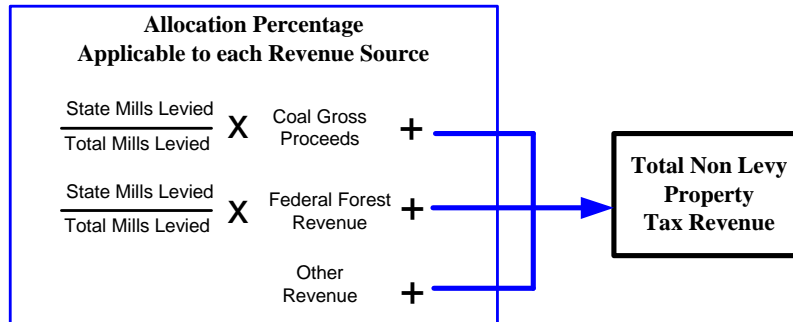
Data Source(s): County Collection Reports

Contacts: Office of Public Instruction

Statutory References: Various

% of Total General Fund Revenue: Included in total property tax contribution.

Forecast and Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 40 Mill

Statutory Reference:

Tax Rate (MCA) – 20-9-360

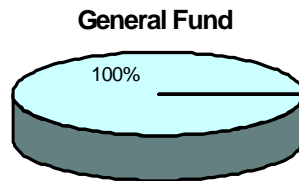
Tax Distribution (MCA) – 20-9-360

Date Due – one-half of taxes due November 30th and one-half due May 31st (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

Applicable Tax Rate(s): Each property class has its own tax rate, which is applied to the assessed value to produce a taxable value. For every \$1,000 in taxable value, 40 mills generates \$40 in state property taxes.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the 6-mill university levy.

Distribution Chart:



Collection Frequency: Monthly with significant state deposits in December and June.

% of Total General Fund Revenue:

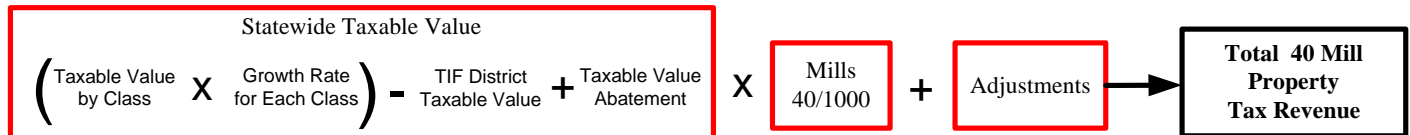
FY 2004 – 4.66 %

FY 2005 – 4.18%

FY 2006 – 4.05%

Revenue Estimate Methodology: The methodology used to derive revenue from this source is explained in the methodology section under “Property Tax”.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 40 Mill

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Tax. Value	Mills/1000	Non-Levy	Adjustments
	Fiscal	Millions	Millions	Millions	Applied	Millions	Millions
Actual	2000	68.119545	68.119545	1863.986815	0.040000	10.810197	-12.712919
Actual	2001	63.423977	63.423977	1656.909416	0.040000	5.251000	-11.300000
Actual	2002	63.044975	63.044975	1671.589714	0.040000	4.705000	-9.888000
Actual	2003	64.767167	64.767167	1691.720391	0.040000	2.983000	-8.475000
Actual	2004	64.339197	64.339197	1703.300593	0.040000	3.890000	-7.063000
Actual	2005	65.236575	63.950808	1756.251400	0.040000	0.000000	-5.650000
Actual	2006	70.257071	69.199414	1836.487799	0.040000	0.000000	-4.238000
Forecast	2007	74.803000	73.745000	1940.708962	0.040000	0.000000	-2.825000
Forecast	2008	79.272000	78.214000	2017.121533	0.040000	0.000000	-1.413000
Forecast	2009	83.960000	82.902000	2098.989892	0.040000	0.000000	0.000000

	t	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Actual	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	6.167237	0.216414
Actual	2004	7.808005	8.799575	140.240224	1034.656439	32.725014	0.000000	0.995149
Actual	2005	8.032414	10.428300	139.901823	1076.984542	34.024275	0.000000	0.974316
Actual	2006	2.694216	13.045195	140.988242	1129.794467	34.611220	0.000000	0.953438
Forecast	2007	3.252295	21.106138	141.002419	1183.820993	35.077724	0.000000	1.068358
Forecast	2008	3.252292	27.186289	141.002419	1232.949564	35.077724	0.000000	1.118571
Forecast	2009	3.252292	32.162032	141.002419	1284.116971	35.077724	0.000000	1.171144

	t	Class 8	Class 9	Class 10	Class 12	Class 13	TIF's	Abatement
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	215.7480920	498.0302370	8.5200900	68.1925880	0.0000000	44.5355770	7.8747870
Actual	2001	112.7827340	230.8329780	8.7088490	49.6414440	147.1427500	28.4288400	7.8747870
Actual	2002	116.6052090	219.9557670	8.1987880	48.6583800	144.4880950	30.5295630	3.8798300
Actual	2003	118.3489260	206.3601230	7.1702390	46.6884790	137.1848470	30.8028320	3.8700000
Actual	2004	118.2969880	212.1109300	6.7892870	45.6302570	125.6225470	33.5621400	3.1883180
Actual	2005	117.2409840	219.9928240	6.7913820	45.0740610	120.4850650	27.7669030	4.0883170
Actual	2006	123.0549460	238.7666750	6.7937650	44.2672200	122.8459890	25.4644200	4.1368460
Forecast	2007	135.6127930	248.3201880	6.8155190	41.5768140	130.4757120	28.8302010	18.8545270
Forecast	2008	141.4441430	256.0181140	6.8291500	39.4646230	138.5652060	27.4523400	18.8545270
Forecast	2009	147.5262410	263.9546760	6.8428080	37.4597360	147.1562490	22.6793030	18.8545270

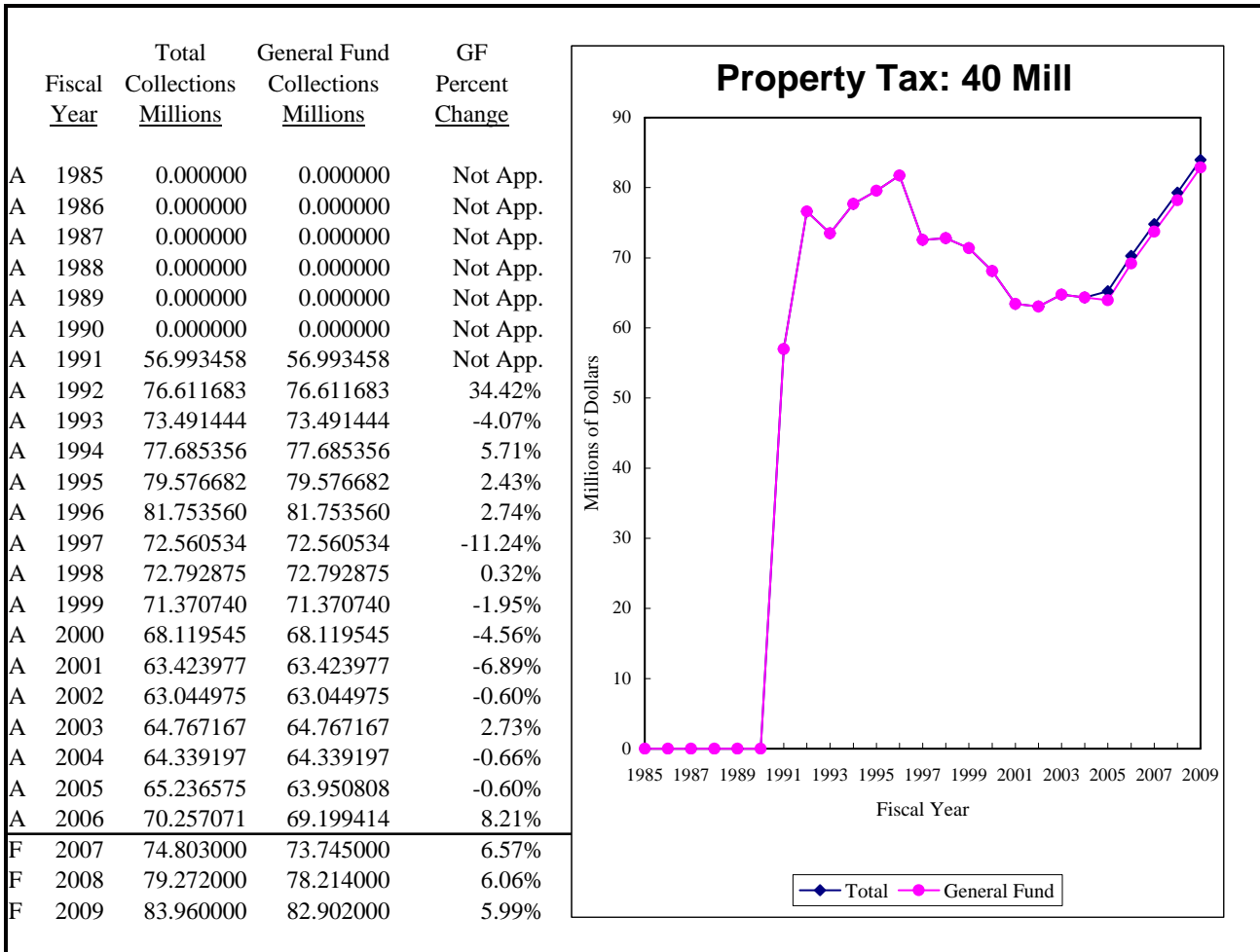
Total Tax = Tax Value * Mills/1000 + Non-Levy + Adjustments

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 40 Mill

Revenue Projection:



Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Statutory Reference:

Tax Rate (MCA) – 15-10-107

Tax Distribution (MCA) – 15-10-107

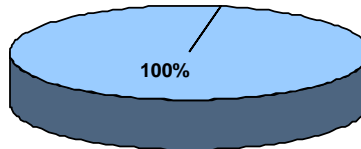
Date Due – one-half of taxes due November 30th and one-half due May 31st (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

Applicable Tax Rate(s): Each property class has its own tax rate, which is applied to the assessed value to produce a taxable value. For every \$1,000 in taxable value, 6 mills generate \$6 in state property taxes.

Distribution: All tax receipts are deposited into the university system 6 mill levy state special revenue account.

Distribution Chart:

State Special Revenue Fund

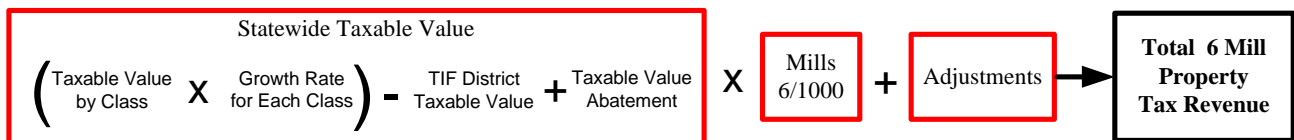


Collection Frequency: Monthly with significant state deposits in December and June.

% of Total General Fund Revenue: NA

Revenue Estimate Methodology: The methodology used to derive revenue from this source is explained in the methodology section under “Property Tax”.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Tax. Value	Mills/1000	Non-Levy	Adjustments
	Fiscal	Millions	Millions	Millions	Applied	Millions	Millions
Actual	2000	13.189138	0.000000	1900.647605	0.006000	2.584415	0.000000
Actual	2001	13.837616	0.000000	1677.463469	0.006000	1.758000	0.657843
Actual	2002	12.298211	0.000000	1698.239447	0.006000	1.588000	0.000000
Actual	2003	12.010924	0.000000	1722.523223	0.006000	1.082000	0.000000
Actual	2004	11.374292	0.000000	1736.862733	0.006000	0.000000	0.000000
Actual	2005	12.244984	0.000000	1784.018303	0.006000	0.000000	0.000000
Actual	2006	11.952119	0.000000	1861.952219	0.006000	0.000000	0.000000
Forecast	2007	12.505000	0.000000	1969.539163	0.006000	0.688000	0.000000
Forecast	2008	12.971000	0.000000	2044.573873	0.006000	0.704000	0.000000
Forecast	2009	13.359000	0.000000	2121.669195	0.006000	0.629000	0.000000

	t	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Actual	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	6.167237	0.216414
Actual	2004	7.808005	8.799575	140.240224	1034.656439	32.725014	0.000000	0.995149
Actual	2005	8.032414	10.428300	139.901823	1076.984542	34.024275	0.000000	0.974316
Actual	2006	2.694216	13.045195	140.988242	1129.794467	34.611220	0.000000	0.953438
Forecast	2007	3.252295	21.106138	141.002419	1183.820993	35.077724	0.000000	1.068358
Forecast	2008	3.252292	27.186289	141.002419	1232.949564	35.077724	0.000000	1.118571
Forecast	2009	3.252292	32.162032	141.002419	1284.116971	35.077724	0.000000	1.171144

	t	Class 8	Class 9	Class 10	Class 12	Class 13	TIF's	Abatement
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	7.874787
Actual	2002	116.605209	219.955767	8.198788	48.658380	144.488095	30.529563	3.879830
Actual	2003	118.348926	206.360123	7.170239	46.688479	137.184847	30.802832	3.870000
Actual	2004	118.296988	212.110930	6.789287	45.630257	125.622547	33.562140	3.188318
Actual	2005	117.240984	219.992824	6.791382	45.074061	120.485065	27.766903	4.088317
Actual	2006	123.054946	238.766675	6.793765	44.267220	122.845989	25.464420	4.136846
Forecast	2007	135.612793	248.320188	6.815519	41.576814	130.475712	28.830201	18.854527
Forecast	2008	141.444143	256.018114	6.829150	39.464623	138.565206	27.452340	18.854527
Forecast	2009	147.526241	263.954676	6.842808	37.459736	147.156249	22.679303	18.854527

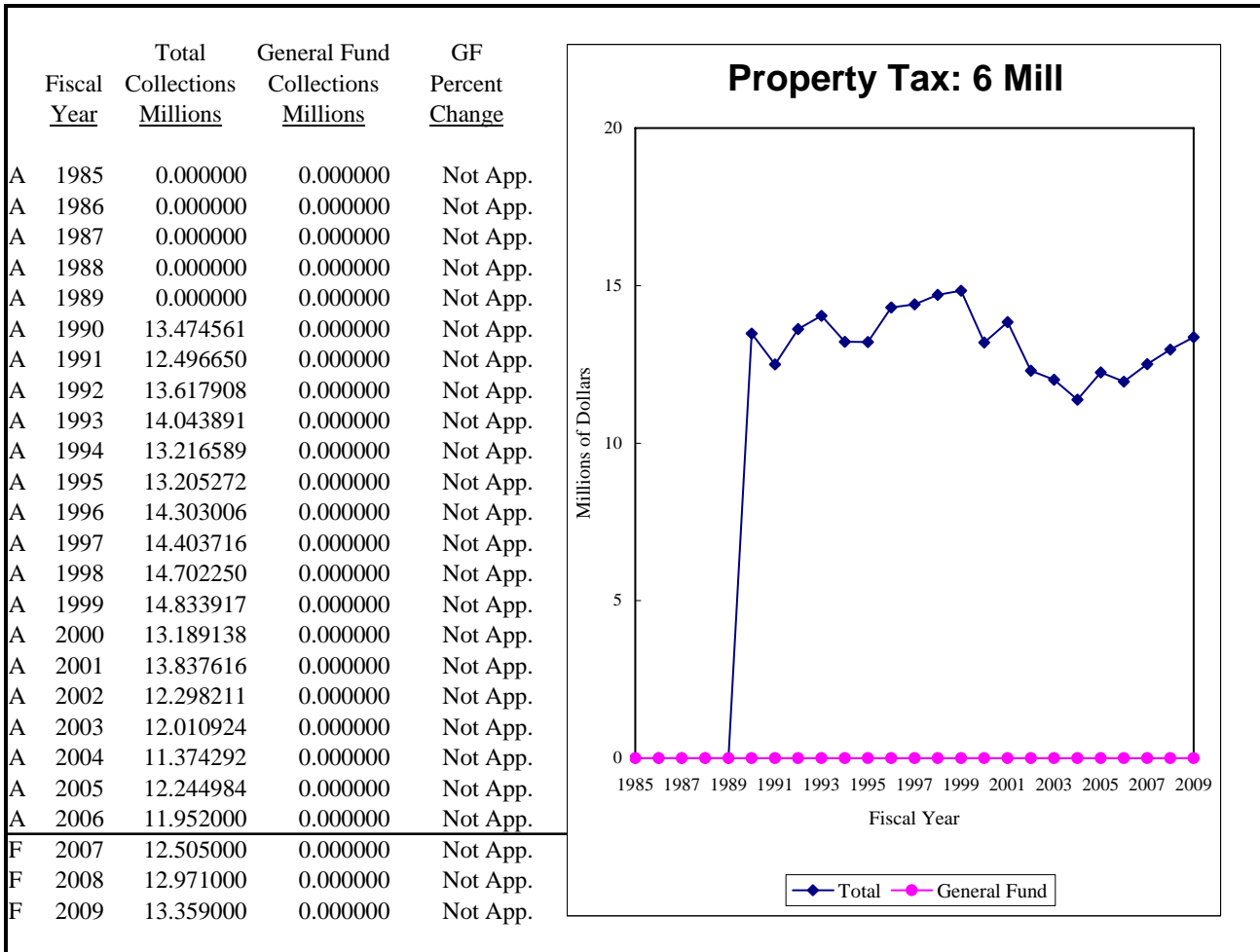
Total Tax = Tax Value * Mills/1000 + Non-Levy + Adjustments

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Revenue Projection:



Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Non Levy Revenue includes federal forest receipts, coal gross proceeds revenue, and other revenue which is distributed to statewide and local mills in each county. Before July 1, 2001, vehicle fees in lieu of taxes, financial institution taxes, and reimbursements from the state were non levy revenue. Before January 1, 2003, oil and natural gas receipts were treated as non-levy revenue. The mills to which non levy revenue is distributed are unique for each county and each non levy revenue source. The state's portion of non-levy revenue is remitted to the state as a portion of the appropriate property tax. For instance, statewide 40 mill revenue includes a property tax portion and a non levy portion.

A description for each individual source follows below.

COAL GROSS PROCEEDS TAX

Revenue Description: The state imposes a gross proceeds tax of 5.0 percent on the gross value of coal produced by all the coal mines in the state. The gross value of coal is computed as the tonnage of coal produced and sold times the contract sales price. This is the same gross value as used in the calculation of the state coal severance tax.

The tax is applied to one year's worth of production and the producer is billed in the following year. The producer pays the tax to the county treasurer in which the mine is located in two equal installments. One is in November of the notice year and the other is in May of the following year. Once received by the county treasurer, the tax revenue is distributed one month after receipt.

Statutory References:

Tax Rate (MCA) – 15-23-703(1)

Tax Distribution (MCA) – 15-23-703(3)

Applicable Tax Rate(s): The amount of tax due is 5.0 percent of the value of production as measured by the contract sales price for production in the preceding calendar year.

Distribution: The county treasurer distributes the coal gross proceeds tax based on the relative proportions of mill levies for the state, counties, and school districts as these existed in tax year 1989. At that time the county equalization mill levy was 45 mills. However, coal gross proceeds from new mines (starting business after December 31, 1988) are distributed across mill levies in the previous fiscal year.

Collection Frequency: The coal gross proceeds tax is collected twice annually in November and May. The state receives the tax revenue in December and June.

% of Total FY 2006 General Fund Revenue: Included in total property tax contribution.

Data Source(s): Coal Company Surveys, Department of Revenue, County Treasurers

Contacts: Coal Company Representatives, Department of Revenue, County Treasurers

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 1.5 Mill

Revenue Description: Beginning in fiscal 1997, statute requires the boards of county commissioners in the five counties where colleges of technology reside, to levy 1.5 mills for deposit in the state general fund. This revenue component used to include collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. HB 124, passed during the 2001 legislative session, eliminated distribution of non-levy sources to the 1.5 mill levy.

Statutory Reference:

Tax Rate (MCA) – 20-25-439(1)

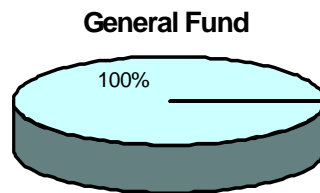
Tax Distribution (MCA) – 20-25-439(2)

Date Due – one-half of taxes due November 30th and one-half due May 31st (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

Applicable Tax Rate(s): Each property class has its own tax rate which is applied to assessed value to produce a taxable value. For every \$1,000 in taxable value, 1.5 mills generates \$1.50 in state property taxes.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the 6-mill university levy.

Distribution Chart:



Collection Frequency: Monthly with significant state deposits in December and June.

% of Total General Fund Revenue:

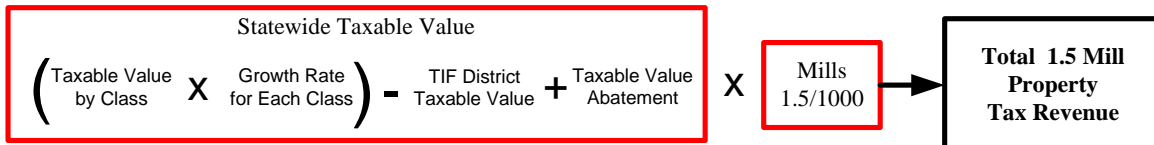
FY 2004 – 0.07 %

FY 2005 – 0.06%

FY 2006 – 0.06%

Revenue Estimate Methodology: The methodology used to derive revenue from this source is explained in the methodology section under "Property Tax".

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 1.5 Mill

Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Tax. Value	Mills/1000	Non-Levy	Adjustments
	Fiscal	Millions	Millions	Millions	Applied	Millions	Millions
Actual	2000	0.930968	0.930968	618.047161	0.001500	0.121110	0.000000
Actual	2001	1.171643	1.171643	552.853841	0.001500	0.126000	0.038500
Actual	2002	0.918612	0.918612	563.452494	0.001500	0.020000	0.033688
Actual	2003	0.883986	0.883986	586.588275	0.001500	0.000000	0.000000
Actual	2004	0.967988	0.967988	596.512999	0.001500	0.000000	0.000000
Actual	2005	0.922474	0.903683	608.056452	0.001500	0.000000	0.000000
Actual	2006	0.959592	0.944963	662.811261	0.001500	0.000000	0.000000
Forecast	2007	1.040000	1.025000	693.488490	0.001500	0.000000	0.000000
Forecast	2008	1.087000	1.072000	724.926358	0.001500	0.000000	0.000000
Forecast	2009	1.137000	1.122000	757.911109	0.001500	0.000000	0.000000

	t	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
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Actual	2004	7.808005	8.799575	140.240224	1034.656439	32.725014	0.000000	0.995149
Actual	2005	8.032414	10.428300	139.901823	1076.984542	34.024275	0.000000	0.974316
Actual	2006	2.694216	13.045195	140.988242	1129.794467	34.611220	0.000000	0.953438
Forecast	2007	3.252295	21.106138	141.002419	1183.820993	35.077724	0.000000	1.068358
Forecast	2008	3.252292	27.186289	141.002419	1232.949564	35.077724	0.000000	1.118571
Forecast	2009	3.252292	32.162032	141.002419	1284.116971	35.077724	0.000000	1.171144

	t	Class 8	Class 9	Class 10	Class 12	Class 13	TIF's	Abatement
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	7.874787
Actual	2002	116.605209	219.955767	8.198788	48.658380	144.488095	30.529563	3.879830
Actual	2003	118.348926	206.360123	7.170239	46.688479	137.184847	30.802832	3.870000
Actual	2004	118.296988	212.110930	6.789287	45.630257	125.622547	33.562140	3.188318
Actual	2005	117.240984	219.992824	6.791382	45.074061	120.485065	27.766903	4.088317
Actual	2006	123.054946	238.766675	6.793765	44.267220	122.845989	25.464420	4.136846
Forecast	2007	135.612793	248.320188	6.815519	41.576814	130.475712	28.830201	18.854527
Forecast	2008	141.444143	256.018114	6.829150	39.464623	138.565206	27.452340	18.854527
Forecast	2009	147.526241	263.954676	6.842808	37.459736	147.156249	22.679303	18.854527

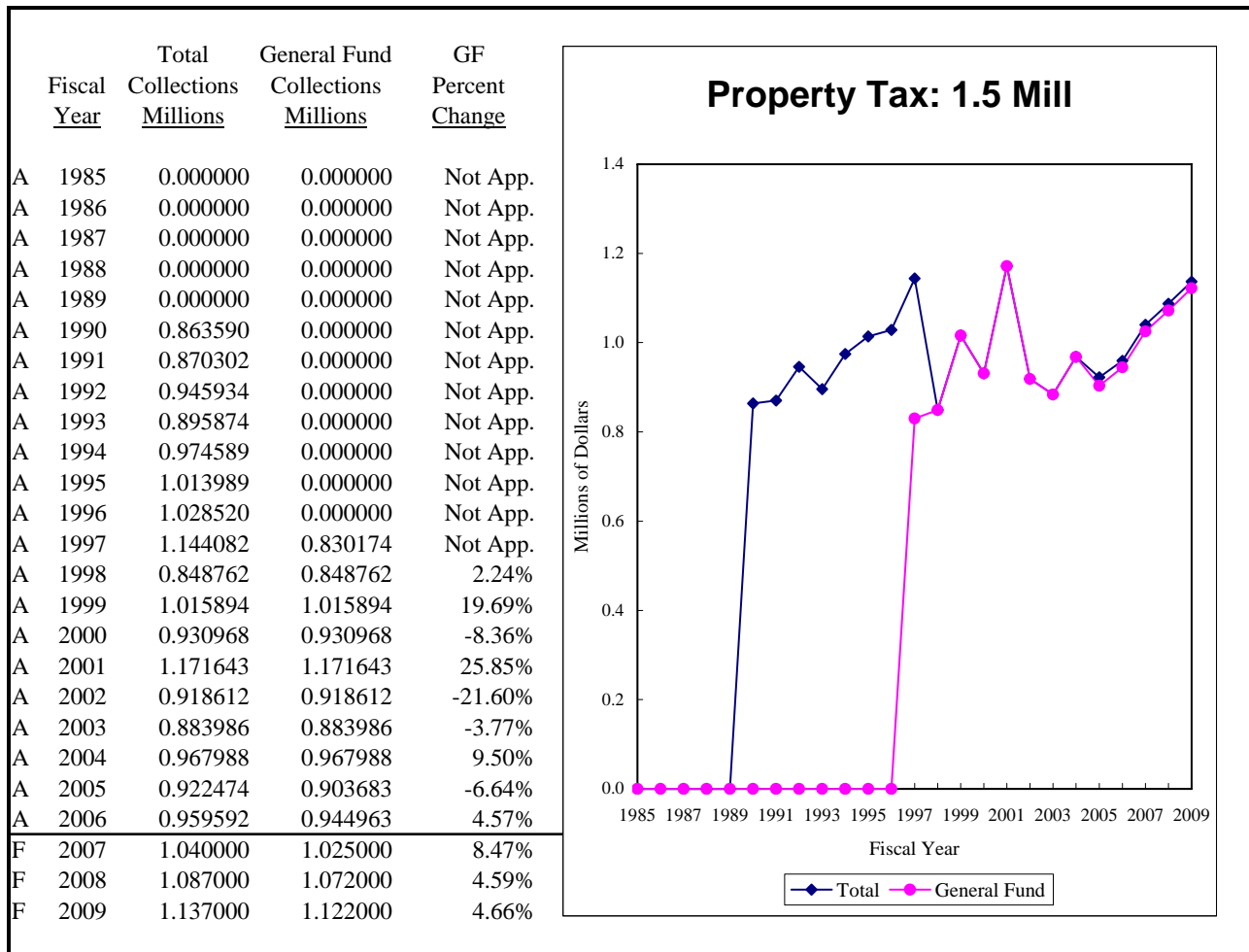
Total Tax = Tax Value * Mills/1000 + Non-Levy + Adjustments

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 1.5 Mill

Revenue Projection:



Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue